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UNCLAS SECTION 01 OF 05 ABUJA 000023

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SUBJECT: NIGERIA: POL/ECON UPDATES FOR DECEMBER 2007

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2007 YEAR IN REVIEW

¶1. (SBU) SUMMARY: Nigeria's fragile democracy continues to face several challenges. Domestic and international observers assessed the April elections, which brought President Umaru Yar'Adua (of the People's Democratic Party, PDP) to power as marred by gross irregularities, intimidation of voters, and violence. Over 1,200 petitions challenging the electoral results of the state, gubernatorial, and presidential elections were filed at election tribunals in June; four gubernatorial elections have been overturned. Progress on rule of law and anti-corruption efforts, including investigations of several former governors, remains lukewarm. Post will report septel an assessment of Yar'Adua's six months in office and an analysis of the (on-going) Presidential Election Tribunal.

¶2. (U) SUMMARY CONT'D: On the economic front, although Nigeria faces many challenges, including alleviation of the poverty afflicting the majority of the population, macroeconomic indications were positive for the second half of 2007. Inflation stayed near 6 percent throughout that period. The Central Bank estimated GDP growth at 6 percent for the third quarter of CY07, with non-oil growth at 9.5 percent. Foreign exchange reserves passed USD 50 billion in December. END SUMMARY.

POL/ECON UPDATE

¶3. (U) Following is a joint Embassy Abuja-ConGen Lagos compilation of December 2007 political/economic highlights, which did not feature in our other reporting, covering:

- Election Tribunals & Electoral Reform
- Corruption
- Niger Delta
- National Assembly
- Human Rights
- Economic News: ECOWAS Tariff, Power, Aviation

ELECTION TRIBUNALS & ELECTORAL REFORM

¶4. (SBU) Nigerian press report on December 21 the Electoral

Reform Panel is soliciting recommendations on how to improve Nigeria's electoral system from former heads of state, including former presidents Obasanjo and Shagari and former heads of state Abdulsalami Abubakar and Ibrahim Babangida. (Note: The 22-member Electoral Reform Panel, headed by former Chief Justice Muhammad Uwais, was inaugurated on August 28 by President Yar'Adua. In November, President Yar'Adua ordered the suspension of public hearings before the Panel until after the Presidential Election Tribunal (which is entertaining cases against the President's April election) renders its ruling. While the overall composition of the Panel has been praised as representative of a cross-section of Nigerian civil society, Uwais' appointment as chairman and the Panel's merely-advisory status have been criticized. End Note.)

15. (U) On December 18, Justice Umaru Abdallahi, President of the Federal Court of Appeal (which appoints and supervises justices to the various presidential, gubernatorial, and state election tribunals throughout the country), alleged politicians were attempting to bribe election tribunal justices in an effort to sway outcomes. Abdallahi will appoint justices in January to sit on the panels entertaining appeals to the decisions already rendered by certain gubernatorial election tribunals (in October and November, tribunals overturned the gubernatorial elections in Kogi, Kebbi, and Adamawa states, ordering fresh polls).

16. (U) Action Congress presidential aspirant Atiku Abubakar, who filed a joint petition with All Nigeria People's Party candidate Muhammadu Buhari contesting President Yar'Adua's April election, petitioned the Supreme Court on December 2 to permit the use of oral testimony (and not simply witness

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depositions to be remitted to the court). In November, the Presidential Election Tribunal disallowed the use of oral testimony in Buhari's case. (With potentially several hundred witnesses to be called to the stand, the Tribunal feared a protracted trial.) The Supreme Court is expected to rule January 17.

CORRUPTION

17. (SBU) On December 31, Independent and Corrupt Practices Commission (ICPC) announced it has commenced its probe of 31 former governors, who served during former president Obasanjo's tenure (1999-2007). (Note: Case files against the 31 former governors had been remitted to former Chief Justice Muhammad Uwais while the governors (who enjoyed constitutional immunity from prosecution at the time) were in office. On December 19, Chief Justice Idris Kutigi sent these case files (and 6 others against former governors) to the ICPC. End Note.)

18. (U) On December 27, Senator Iyabo Obasanjo-Bello, daughter of former president Obasanjo, appeared for interrogation at Economic and Financial Crimes Commission (EFCC) headquarters over alleged contracts fraud. An Austrian firm petitioned the EFCC and the Presidency to investigate contracts totaling USD 30 million the firm had disbursed to Obasanjo-Bello when she served as Commissioner in the Ogun State government.

19. (U) Nigerian press report the Senate is set to investigate former president Obasanjo over a USD 500 million loan allegedly acquired from China to finance a rural telephone project during his tenure.

110. (U) On December 22, the Ekiti High Court charged former Ekiti governor, Ayodele Fayose, with the 2005 murder of Tunde Omojola. (Note: Omojola, a member of the National Conscience Party (NCP), was allegedly beaten to death while monitoring a local councillorship election being contested by his brother-in-law, Labaika Suleiman (also NCP), in May 2005. Reports suggest Fayose entered the polling station and

ordered his armed guards to kill Omojola for attempting to stop Fayose from rigging the election. End Note.) At the time the charge was filed, Fayose was incarcerated already after being denied bail by a Lagos High Court on a 51-charge count of fraud and money laundering. Fayose is scheduled to appear in the Ekiti High Court on January 9 (for the murder trial) and the Lagos High Court on January 10 (for the corruption trial).

¶11. (U) On December 17, a Federal Court denied bail to former Delta governor James Ibori (1999-2007), who was arrested by the EFCC on December 12 for allegedly stealing more than USD 80 million in public funds. Ibori's trial is scheduled to begin January 11. (Note: Ibori is widely viewed as one of the principal financiers of Yar'Adua's election campaign. This case is being viewed as a litmus test for the President's stated commitment to tackling corruption. End Note.)

¶12. (U) Attorney General (AG) Michael Aondoakaa announced on December 12 that the GON is considering merging the EFCC, ICPC, and the Code of Conduct Bureau due to considerable overlap in the mandates of all three anti-corruption bodies. The AG told the House Committee on Justice that such a merger would help avoid instances of double jeopardy and could streamline the government's anti-corruption efforts.

NIGER DELTA

¶13. (SBU) On December 26, armed gunmen attacked an US-flagged vessel M/V Hondo River while it was operating in Nigerian territorial waters. The fifteen crewmembers on board including an AmCit were robbed and sustained non-life-threatening injuries. The vessel arrived safely at its final port of call, Onne. (Note: Hondo River is operated by Trico Marine and was providing services to ExxonMobil's near-offshore oilfields. End Note.)

¶14. (SBU) ConGen Lagos contact confirmed the December 19

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release of Bayelsa Deputy Governor's father (following nine days in captivity) and suggested that Bayelsa militants (not the police or Joint Task Force (JTF)) apprehended the criminals responsible for the attack. The militants may have turned over the Deputy Governor's father and the criminals to the state government as a gesture of goodwill. Also, according to several press reports, father of Bayelsa State Accountant General Thomas Zidafamor was kidnapped on December 19, shortly after the release of the Deputy Governor's father. Press reports suggest the attack was pre-meditated.

¶15. (SBU) According to security sources, an explosion occurred at a refinery jetty on December 19 at 0300 hours outside Port Harcourt (Rivers State). "Serious shooting" was also reported by security sources in Okrika around 0500 hours.

¶16. (SBU) A human rights contact reported an "awesome clash" between militants and the JTF in Okrika on December 19, reportedly resulting in damage to a jetty adjacent to the Nigerian National Petroleum Corporation (NNPC) premises and the death of at least three individuals. Nigerian press report criminal leader Ateke Tom (of Rivers State) claimed responsibility for the attack, reportedly in retaliation for a JTF attack on his base in Okrika. Tom publicly announced his actions were "predicated on the general lack of confidence in the presidential-brokered peace."

¶17. (U) Bayelsa militants publicly renounced negotiations with the GON, but are reportedly maintaining positive relations with Bayelsa State Government. Meanwhile, spokesman for the Movement for the Emancipation of the Niger Delta (MEND) Jomo Gbomo claimed MEND did not support the militants' December 6 signing of the Bayelsa State-backed Bayelsa Peace Conference and Agreement.

NATIONAL ASSEMBLY

¶18. (U) On December 30, Speaker of the House of Representatives Oladimeji Bankole said the House will determine whether due process was followed when the Economic Financial Crimes Commission (EFCC) placed Chairman Nuhu Ribadu on sabbatical. (Note: On December 27, the EFCC announced Ribadu is being sent to the Nigerian Institute for Policy and Strategic Studies in Plateau State to begin a 10-month training course. The GON endorsed the sabbatical on December 31. End Note.)

¶19. (U) During its annual budget review, the Senate Appropriations Committee discovered that since 2004 several ministries have been diverting government funds into the private bank accounts of top government officials. The House was scheduled to finalize the budget on December 27; however, the House Appropriations Committee accused the GON of "purposely withholding" necessary information concerning contracts, benchmarks, and surplus funds (dating back to 2005). Passage of the budget will top the National Assembly's agenda when it reconvenes January 9.

HUMAN RIGHTS

¶20. (U) In a December 17 statement, Amnesty International (AI) accused the GON of illegally executing seven prisoners in the last two years, claiming defendants lacked legal representation or necessary resources to file appeals. The seven individuals were convicted of armed robbery in the northern state of Kano, and sentenced to death. While Kano governor Ibrahim Shekarau endorsed the death sentences, the seven were moved to other prisons in the country and later hanged. Nigerian human rights attorneys have cast doubt on AI's accusations, asserting the cases had followed due process.

¶21. (SBU) On December 11, the Abuja Court of Appeal ruled the Public Order Act of 1990 infringed upon fundamental human rights and that public gatherings no longer required permits. Inspector General of Police said the Nigerian Police Force (NPF) will challenge the decision at the Supreme Court. (Note: The NPF frequently cites the Act to forcibly disband public gatherings critical of the government. End Note.)

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¶22. (U) The Inspector General of Police admitted that members of the Nigerian Police Force killed 785 suspected armed robbers from June-September 2007. The GON also publicly stated that police had killed at least 8,564 individuals between 2000 and 2007.

ECONOMIC NEWS

¶23. (SBU) Finance Minister Usman announced the suspension of the ECOWAS Common External Tariff (CET) on December 14. While Usman said Nigeria is still committed to the CET in the long run, the GON reached a deadlock with ECOWAS trading partners regarding which products could qualify for "Type B" exceptions or be subject to 50 percent duties. (Comment: Vested interests are continuing to keep high tariffs and import bans in place, despite their negative impact in terms of customs corruption, high prices to consumers and for factors of production, and continuation of a system based on favoritism and connections rather than creating conditions for broader economic participation and growth. End Comment.)

¶24. (U) Nigeria's electricity woes continue. To meet projected national demand by 2010, the GON requires an estimated USD 13 billion (an amount greater than the GON's

2008 budget). The Nigerian Electricity Regulation Commission (NERC) and National Electric Power Authority forecast the demand for electricity to exceed 16,000 megawatts by 2010. NERC has agreed to develop a paper with Post that will detail the impediments to growth and ways forward to alleviate the current power crisis and meet the 2010 demand goal.

¶25. (U) Following the December 21 announcement that several Nigerian airlines had secured a waiver to operate flights into the United States, Harold Demurin, Director-General of the Nigerian Civil Aviation Authority, informed that Nigerian carriers Arik, Virgin Nigeria, and Bellview Airlines were in the process of leasing aircraft from US-designated Category One countries. Demurin expects to begin operations from Lagos to the US on these carriers by mid-2008. (Note: North American Airlines currently operates three round-trip Lagos-New York flights per week. Delta Airlines commenced operations between Atlanta and Lagos earlier this month. The safety of Nigerian-operated aircraft has been the major hurdle precluding Nigerian airlines from flying into the US. Facilitating travel between the US and Nigeria, particularly through direct flights, is key to improving trade and tourism. End Note.)

¶26. (U) Lagos Governor Babatunde Fashola presented to the State House Assembly an USD 3.5 billion budget, including USD 2.3 billion for capital expenditures. The (unfortunately) named "Great Leap" budget is designed to tackle some of Lagos's major problems, including deteriorating infrastructure, poor sanitation, and education. Fashola hailed the budget as a departure from the traditional emphasis on current spending; however, reaction from local experts and the general public has been mixed. While encouraged by the governor's apparent interest in long term planning, most local observers are maintaining a wait-and-see attitude.

OTHER NOTEWORTHY NEWS

¶27. (U) In a televised Christmas address, President Yar'Adua thanked the people of Nigeria for keeping faith in his administration over the past seven months. Yar'Adua stated the government will ensure more visible progress towards the implementation of his Seven Point Plan in 2008. (Note: On August 1, Yar'Adua outlined his Seven Point Plan to address the power and energy sector, food security and agriculture, unemployment, mass transportation, land reform, security (high crime, Niger Delta), and education. End Note.) The President also encouraged Nigerians to incorporate godliness, brotherly love, and honesty into their daily lives and said his administration will be counting on the goodwill, support, and cooperation of the Nigerian people to help realize a strong, united, and prosperous nation.

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¶28. (U) On December 23, Nigerian press report over 5,000 Nigerian peace-keeping troops, currently serving in Darfur, have yet to be paid most of their allowances (approximately USD 8.5 million).

¶29. (SBU) The ruling People's Democratic Party (PDP) national convention, initially scheduled for December and later postponed to January, is now expected to take place April ¶2008. Influential positions, including party chairman, will be decided at the convention. Rumors have been circulating that the convention is being postponed until the Presidential Election Tribunal rules on President Yar'Adua's April election. As well, the campaigns for PDP chairman appear in full swing, with former Senate President (2000-2003) Pius Anyim emerging as a favorite to challenge former Ebonyi governor (1999-2007) and reported Obasanjo-loyalist Sam Egwu for the coveted position.

¶30. (U) Following President Yar'Adua's December working visit

to Washington, the GON is sending Special Advisor for Poverty Eradication (cabinet-level) to Washington January 8-11 to obtain additional information about microfinance institutions and their relevance to Nigeria. The visit comes on the heels of Yar'Adua's attendance at the Academy for Educational Development-sponsored civil society roundtable in December.

SANDERS